

## **HOUSING ACTIVITIES**

- Exhibit E-1: New Construction**
- Exhibit E-2: Rehabilitation Pre-1994  
(Section 33413(b) Requirement)**
- Exhibit E-3: Substantial Rehabilitation Post-1993  
(Section 33413(b) Requirement)**
- Exhibit E-4: Covenants Acquired  
(Section 33413(b) Requirement Credit)**
- Exhibit E-5: Substantial Rehabilitation**
- Exhibit E-6: Non Substantial Rehabilitation**
- Exhibit E-7: Acquisitions**
- Exhibit E-8: Mobilehome Owner, Resident**
- Exhibit E-9: Mobilehome Park Owner, Resident**
- Exhibit E-10: Preservation**
- Exhibit E-11: Subsidy**
- Exhibit E-12: Other Assistance**
- Exhibit E-13: Preservation/Replacement**
- Exhibit E-14: Rental Replacement**

## **Exhibits E-1 through E-14**

### **Kinds of Housing Assistance Provided**

Over FY 2000-2001, agencies assisted 20,686 households, approximately 35 percent more than the number of households (15,321) reported the previous year. Agencies report their housing activities among 14 categories (refer to Schedule D's at Appendix B). Data reported pursuant to statutory requirements of Section 33080.4(a) includes: (1) the name of the reported project and/or activity, (2) whether the agency or entities or persons other than the agency was responsible for providing the assistance, (3) whether a renter or owner was assisted, and (4) whether assistance was provided to an elderly or non-elderly household. Note, in many exhibits (below each count representing the statewide "Total,") an "Ineligible" count is shown. The term "Ineligible" refers to households who were eligible at the time of assistance but subsequently had a change in circumstances (e.g. income and/or family size) to prevent the household from qualifying for the same assistance.

#### Housing Assistance Meeting the Inclusionary and/or Production Requirement (Section 33413(b))

Section 33413(b) is commonly called the inclusionary or production requirement that is applicable to specific housing construction and rehabilitation completed in project areas created or expanded after 1975. The terms "inclusionary" or "production" refer to the requirement for agencies, within ten years, to ensure (*include or produce*) additional units as affordable over the duration of

the project area plan which can span more than 30 years. This requirement applies to all new residential construction, substantially rehabilitated multi family units, and agency assisted substantially rehabilitated single family units. Agencies fulfill this requirement by assisting in the production of new or substantially rehabilitated affordable units within project areas. Agencies are allowed to fulfill their inclusionary housing obligations outside of project areas provided they meet the "2 for 1" provision that requires twice as many units to be produced outside as were required inside of project areas. Also, agencies have the option to meet up to 50 percent of their affordable housing inclusionary or production obligations by acquiring covenants (affordability restrictions for at least 30 years) on multi-family units providing that at least half of these covenants assist very-low income households.

Exhibits E-1 through E-4 reports agencies assisting 10,321 units of which 6,410 are units agencies claimed as meeting part of their inclusionary obligations accrued over ten year intervals. Inclusionary credit was claimed among the following housing activities: Acquisition of Covenants (517 at Exhibit E-4), New Construction (2,638 at Exhibit E-1), Rehabilitation-Pre 1994 (538 at Exhibit E-2), and Substantial Rehabilitation-Post 1993 (2,717 at Exhibit E-3). Assembly Bill 1290 (Isenberg, Statutes of 1993) defined "substantial" as occurring when the "after rehabilitation" increases in value and land exceeds 25 percent.

The inclusionary requirement is 30 percent for agency developed units and 15 percent for non-agency developed units. A further requirement is that 50 percent or more of agency developed inclusionary units must be made available to very-low income households. For non-agency developed units, this additional very-low inclusionary requirement is 40 percent. To clarify, the 30 percent inclusionary requirement would be triggered upon an agency using its other funds (other than the Low-Mod Fund) to develop 100 market rate units that would obligate the agency to produce an additional 30 affordable units over ten years and also ensure an additional 15 (50%)

are affordable to very-low income households. For a similar non-agency developed project, the 15 percent inclusionary requirement would apply obligating the agency to produce 15 affordable units and ensure that 6 (40%) are affordable to very-low income households. For information about agencies' increased inclusionary obligations from applicable project area housing activity completed over the reporting year project, refer to Exhibit G.

Legislation enacted in 2001 modified the inclusionary requirement last substantively amended in 1993 by AB 1290 specifying rehabilitation must be "substantial" before triggering the inclusionary requirement which, in addition to being applicable to agency assisted single-family units, has been applicable to non-agency assisted multi-family units. Effective January 2002, Assembly Bill 637 (Lowenthal, Statutes of 2001) revised the law to apply the inclusionary requirement on substantial rehabilitation of multi-family units the same way it is applied to single-family units. This means multi-family units have to be assisted by agencies before triggering the inclusionary requirement. Assembly Bill 637 also amended the law to require affordability periods to be at least 45 years for owner-occupied units and 55 years for rental units.

#### Housing Assistance Meeting the Replacement Requirement (Section 33413(a))

As with the inclusionary requirement in which agencies have an obligation to ensure or produce additional affordable housing units within a specified time (10 years), agencies have a replacement obligation (refer to Exhibit H). Agencies must replace, within four years, dwelling units affordable to low or moderate-income households that have been removed from the housing market due to a redevelopment project in which the agency has provided assistance or was involved in a contract. Additional requirements are agencies must ensure replacement units provide at least as many bedrooms as were included in the units removed and that replacement units be comparable in affordability to units removed that triggered the replacement requirement.

Activity reported as meeting agencies' replacement obligations total 1,512. Activities include construction and differently defined rehabilitation reported in Exhibits E-1 (603), E-5 (440), and E-6 (469). Contrary to the department's interpretation of law and advice, many agencies "double count" construction and substantial rehabilitation activity as meeting both their replacement and inclusionary obligations.

#### Other Housing Assistance

Other housing assistance totaling 12,764 households covers all the remaining activities not reported as satisfying agencies' inclusionary (6,410) or replacement requirements (1,512). Other activities include non-inclusionary construction (3,308) reported in Exhibit E-1, non-inclusionary rehabilitation (3,751) contained in exhibits E-5 and E-6, subsidies (1,517) reported in Exhibit E-11, acquisitions (792, Exhibit E-7), assisting mobilehome and park residents (1,729) reported in Exhibits E-8 and E-9, preserving affordable units (314, Exhibit E-10) from conversion to market-rate units, and other (1,353) reported in Exhibit E-12. Agencies did not report any preservation replacement data (Exhibit E-13) or rental replacement data (Exhibit E-14).